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MACROECONOMIC POLICY QUESTIONS: TRADE AND DEVELOPMENT

Specific measures in favour of island developing countries

Note by the Secretary-General

1. In paragraph 9 of its resolution 49/100 of 19 December 1994, the General Assembly requested the Secretary-General to report to the General Assembly at its fifty-first session on the implementation of the resolution and, in recognition of the complementarity between the follow-up to the 1994 Barbados Conference on Small Island Developing States and ongoing island developing country programmes, also requested the Secretary-General to take measures to provide for integrated reporting on, and synergetic consideration of the issues of island developing countries.

2. Pursuant to that request, the Secretary-General has the honour to transmit to the General Assembly the report of the secretariat of the United Nations Conference on Trade and Development (see annex).

* A/51/150.



Annex

SPECIFIC MEASURES IN FAVOUR OF ISLAND DEVELOPING COUNTRIES

Report by the secretariat of the United Nations Conference
on Trade and Development

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I. INTRODUCTION

1. In paragraph 3 of its resolution 49/100 of 19 December 1994, the General Assembly took note with appreciation of the report of the Secretary-General on a development strategy for island developing countries (A/49/227 and Add.1 and 2). In paragraph 5 of the same resolution, the Assembly called upon the international community to implement all the commitments achieved and the recommendations made at the 1994 Barbados Conference on Small Island Developing States and to take the necessary action to give effective follow-up to the Programme of Action for the Sustainable Development of Small Island Developing States 1/ and, in relation to trade and development issues with respect to island developing countries, reiterated the appeals made in paragraph 6 of General Assembly resolution 47/186 of 22 December 1992. In paragraph 6, the Assembly noted the valuable role of the United Nations Conference on Trade and Development (UNCTAD) in support of island developing countries, as recalled in resolution 47/186, and welcomed the provision made in its resolution 49/122 of 19 December 1994 for strengthening the capacity of UNCTAD to carry out, in accordance with its mandate, the research and analysis necessary to complement the work of the Department for Policy Coordination and Sustainable Development of the Secretariat.

2. As noted in the Secretary-General's covering note to the present report, in resolution 49/100 the Secretary-General was requested to report to the General Assembly at its fifty-first session on the implementation of the resolution. In paragraph 7 of the resolution, the Commission on Sustainable Development was invited to convene, during its session in 1996, a high-level panel to discuss the challenges faced by island developing countries, particularly in the area of external trade. UNCTAD was requested to organize this panel in cooperation with the Department for Policy Coordination and Sustainable Development. The panel met at United Nations Headquarters in New York on 22 and 23 April 1996. The policy recommendations of the panel are outlined in section II of the present report. Furthermore, in accordance with paragraph 5 of resolution 49/100, the Secretary-General of UNCTAD sent a note verbale to all Governments of States members of UNCTAD as well as a letter to international and intergovernmental organizations, requesting them to provide him with information on the actions they had undertaken and on the policies adopted in favour of island developing countries. That information as well as a brief review of UNCTAD's own work on the specific needs and problems of island developing countries are presented in section III of the present report.

II. POLICY RECOMMENDATIONS OF THE HIGH-LEVEL PANEL ON ISLAND DEVELOPING COUNTRIES

A. The new approach to island-specific characteristics

3. Particular attention should be given to the evidence showing an increasingly broad variety of socio-economic situations among island developing countries. As a result, the relationship between island-specific handicaps related to smallness and remoteness on the one hand, and the economic performance of island developing countries on the other hand has become less

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straightforward than in the past. Some small island economies which used to be regarded as acutely disadvantaged have actually demonstrated significant growth over time and are now classified among high-income countries, while some of the larger and less remote among them are facing severe challenges in the context of trade liberalization and globalization. In short, the nature of economic issues among island developing countries has evolved, even though the disadvantages of "islandness" remain real in many island developing countries. This evolution of issues implies an evolution in policy responses.

4. In future analytical work, categorization of island developing countries by type of specialization, performance or vulnerability should be systematic. This is necessary if one is to enhance awareness of the relationship between their socio-economic performance and its underlying factors. Consideration of homogeneous subgroups of those countries can facilitate effective cross-country analysis regarding them. There are still common characteristics and problems among island developing countries, but these characteristics and problems will be more usefully dealt with within subgroups and through comparisons between subgroups. By studying island developing countries along these lines, one can draw lessons from the successes or failures of some of them with a view to helping other such countries to achieve progress towards sustainable economic development.

B. Sustainable development strategies

5. The main challenge facing island developing countries is to adopt an overall development strategy designed to reduce the vulnerability of their economies and facilitate sustainable economic development. Such a strategy will have to be outward-oriented because trade in goods and services, international capital flows and international migrations will continue to play an important role in the development pattern of these countries. Some countries should however be encouraged to reduce their heavy dependence on imports by striving to create more integrated production structures based on available domestic resources in such areas as food and artisanal fisheries so as to build up and maintain a nutritional "safety net".

6. The development strategies of island developing countries should involve macroeconomic policies that will take into consideration long-term requirements for sustainable development in various sectors of the economy. These strategies should involve developing or strengthening the capacity to assess the environmental effects of trade policies, to secure coordination between environmental and trade policies, including cooperation between environmental and trade officials in policy-making, and to promote transparency vis-à-vis the public in these processes. To the extent possible, the development strategies of island developing countries should involve the utilization of relevant regional arrangements. The role of the private sector in formulating and implementing such strategies should be enhanced.

C. Alleviating the intrinsic handicaps of island developing countries

7. In an increasingly competitive global economy, island developing countries are at a serious disadvantage because of the intrinsic weaknesses of their economies that are a result of the range of adverse factors discussed above. They should, with the support of the international community, give high priority to the following policy areas.

Human and institutional development

8. Human resource and institutional infrastructure development should be enhanced. Special attention should be given to the development of return incentives for skilled emigrants. There is a need for special programmes of "education for sustainable development" with special emphasis on changes in attitudes and values and on cultivating island-specific cultures in response to new socio-economic challenges.

9. In view of the growing need of island developing countries for skilful negotiations in international forums and with foreign investors, special training programmes should be organized, with the support of the international community, to develop the negotiating capacity of island policy makers.

10. Efforts must be pursued to actively promote indigenous entrepreneurship. Returning migrants with entrepreneurial skills and capital should be provided with an appropriate environment to make a contribution in this area.

11. Measures to enhance socio-political stability and good governance and to secure sound macroeconomic policies that will be conducive to private foreign and domestic investment should be strongly encouraged.

Technology transfers

12. Island developing countries should identify appropriate technology to encourage environment-friendly diversification of production and trade, facilitate adaptation to changing market conditions and compete internationally.

Natural resources

13. Island developing countries should seek to exploit fully, within the limits of sustainability, their agricultural potential and marine resources in the exclusive economic zones by enhancing relevant skills and carrying out specialized studies on the conservation, management and surveillance of these resources. Appropriate marketing structures and decentralized and affordable credit facilities should be encouraged.

Services

14. Service sectors, particularly tourism and offshore financial services, have proved to be significant factors of development in many island developing countries. In developing tourism, efforts should be made to encourage forward and backward linkages with other sectors of the economy. Proper management of

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environmental assets, which is essential for the sustainability of tourism, should be promoted. Environmental considerations should be taken into account in the development of new types of tourism such as eco-tourism and cultural tourism, which are based on or associated with environmental assets and imply environmental protection.

Transport and communications

15. Innovative approaches to transport and communications development should be promoted to facilitate access to such services at lower costs, particularly for small and remote as well as archipelagic island developing countries. Projects to improve links with the main trading partners and inter-island feeder services should receive special attention from donors, as such projects often do not meet the normal commercial criteria. International assistance will be required to improve these countries' access to global trade information facilities and new trading opportunities through the use of telematic facilities such as Internet, and particularly through UNCTAD's Global Trade Point Network.

Global hazards

16. National regulations should be put in place to counter illicit uses of offshore financial instruments. Measures to prevent drug trafficking should be enhanced through regional and international cooperative arrangements.

17. Disaster preparedness and warning capabilities should be enhanced, and measures to mitigate the effects of disasters should be integrated into long-term development planning.

18. Measures to mitigate the consequences of global warming and sealevel rise should be a central part of development planning.

Efficiency of import regimes

19. Small and remote island developing countries, with their heavy dependence upon imports, need support to identify ways of reducing the costs of imports. This may include, inter alia, better access to competitive sources of supplies, streamlining of import procedures and the establishment of databases on international prices and the quality of import products. Such countries should also discourage imports of certain products which pose a threat to their fragile environment.

D. Liberalization, globalization and sustainable development

20. Sustainable economic development in island developing countries largely rests on specialization in sectors that are not only viable economically but also non-polluting (environment-neutral/friendly) or based on environmental assets (for example, eco-tourism). The question of specialization in the pursuit of sustainable economic development is of particular importance. The implications for specialization of trade liberalization and globalization should be further analysed with a view to maximizing the benefits of new trading opportunities.

E. Enhancing the use of current trading opportunities

21. The capacity of island developing countries to better exploit existing trade preferences should be strengthened. In spite of the erosion of preferential margins, schemes under the generalized system of preferences (GSP) are expected to continue to play a significant role in facilitating the participation of island developing countries in international trade. Rules of origin criteria should be more flexibly defined. Preference-giving countries should be encouraged to accept relatively higher proportions of third-country inputs in the manufacturing of export goods and should provide for simple administration of documentary and shipment requirements. Other measures to enhance the effectiveness of GSP schemes should include the extension of product coverage to more goods of export interest to island developing countries (e.g. tropical products, leather goods, textiles and clothing) and the harmonization of GSP rules of origin among preference-giving countries.

F. Taking advantage of new trading opportunities

22. Island developing countries should analyse their specialization pattern, identify new trading opportunities in goods and services, and devise national policies for trade diversification. Action in this respect could involve detailed national studies, for those countries seeking to enhance their specialization, of their current specialization (factors, structure, etc.), respecialization potential, and new trading opportunities in areas of goods or services (including for "niche" markets) in the regional and international trading environment. National policies should be devised to warrant successful diversification in these countries.

23. Developing the capacity of island developing countries to identify new trading opportunities is essential for these countries. This could be achieved through systematic analysis, at the national level, of the implications of changes in market access for island exports, considering the existing pattern of trade and the potential for diversification. The development of trade information capacities through global communications facilities should be actively pursued in this connection. Generally, more technical assistance will need to be devoted to the identification of new trading opportunities and dissemination of findings.

24. Awareness of the new rights and obligations resulting from the Uruguay Round is also essential for island developing countries which are or will be members of the World Trade Organization (WTO). This implies continued technical assistance to facilitate the implementation of market access commitments and enable them to implement legislative and regulatory changes with regard to tariff policies, non-tariff measures and the new issues (TRIMs and TRIPs in particular)..

G. Promoting a favourable environment to enhance specialization

25. In order to enhance their specialization or, whenever necessary, "re-specialize", island developing countries need to create an "enabling" environment for investment, diversification and trade expansion. A useful input, to that end, would be the preparation at a global level of a policy paper on the areas of action to be taken into consideration to enhance the specialization of such a country (investment, technology, trade, human resources development). Detailed policy recommendations could then be provided to individual island developing countries on investment, technology, domestic support services, and trade, including the adaptation of national trade policies to the new multilateral trade framework. Human resources for investment attraction, technological development and trade expansion should also be developed in the perspective of enhanced specialization.

H. Developing sectoral information

26. Action should be taken to raise the level of awareness of opportunities for enhanced specialization in goods or services that are of special interest to island developing countries. This could involve developing a database on sectoral specialization in these countries; establishing an inventory of sectoral activities and related trading opportunities of potential interest to island developing countries that seek to enhance their specialization; and carrying out special in-depth studies of selected sectors of goods and services, with particular focus on conditions for success and anticipated benefits.

I. Regional and international support measures

27. The donor community is called upon to provide island developing countries with the required financial and technical assistance in support of their domestic efforts in the critical areas that have been elaborated on above. Given the particularly acute resource constraints and the volatility of export earnings in most island developing countries, international assistance should continue to be provided on highly concessional terms and over a long time-frame. The terms and conditions of such assistance, including the procedures for aid delivery, should be flexible and simplified.

28. In view of the small size constraint faced by many island developing countries, special efforts should be made to promote regional cooperation arrangements that offer a viable framework for realizing economies of scale in various economic activities, particularly with regard to resource exploitation, protection and policing of coast lines and exclusive economic zones, environmental protection, market access, development and sharing of human resources, expansion of inter-island feeder services, tourism development and exchange of information on successes and failures in various areas of development.

29. Subregional, regional and international organizations dealing with trade-related issues should stand ready to provide the required technical assistance to strengthen the efficiency of the external sectors of island

developing countries, including their capacity to negotiate in international forums and with foreign partners such as private investors. The Alliance of Small Island States (AOSIS) played an important role in the negotiating process during the United Nations Conference on Environment and Development. Island developing countries should seek to organize themselves in a similar manner in other areas of international negotiations.

J. The role of UNCTAD

30. UNCTAD, in its field of competence and in collaboration with relevant regional and international organizations as well as non-governmental organizations, should be prepared to extend to island developing countries its technical cooperation capacity in respect of policies for sustainable economic development. A technical cooperation framework in favour of island developing countries should be formulated along these lines and provide, inter alia, for enhancing their international competitiveness and specialization in goods and services. UNCTAD should carry out specialization strategy studies at the national level to assist such countries in exploiting new trading opportunities and enhancing their specialization. Areas of policy assistance should involve investment, trade, technology, development of small and medium-sized enterprises, and human resources development.

31. It is recommended that a second meeting of island developing countries and donor countries, similar to the one convened in 1990 pursuant to General Assembly resolution 43/189 of 20 December 1988, be organized by UNCTAD by mid-1997 to assess, inter alia, the progress in the implementation of the recommendations of this panel, and review the activities carried out or planned within the framework of the technical cooperation project mentioned above.

III. INFORMATION RECEIVED FROM INDIVIDUAL COUNTRIES

A. Germany

32. Germany has financed bilateral projects in several island developing countries. In Africa, three projects are under way, amounting to a total of DM 12.15 million. Beneficiary countries are Mauritius, Sao Tome and Principe and Seychelles. In the Pacific, two projects, worth a total of DM 4.5 million, were financed in Papua New Guinea in 1995. Additionally, several States in the region have benefited from technical cooperation through funds granted for actions undertaken by NGOs. In the Caribbean, Germany has provided technical cooperation, in a variety of areas, to Jamaica. Technical cooperation projects are also promoted in collaboration with regional organizations such as the Organization of Eastern Caribbean States (OECS) and the Caribbean Community (CARICOM) (in the areas of environmental conservation and vocational training) and the Caribbean Epidemiology Centre (in the area of health).

33. In addition to the above assistance, Germany has signed bilateral treaties for the promotion and protection of foreign investment with Barbados, Cape Verde, Cuba (initialled), Dominica, Jamaica, Malta, Mauritius, Papua New Guinea,

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Saint Lucia, Saint Vincent and the Grenadines and Singapore. The treaties with Barbados, Cuba and Jamaica are not yet in force.

B. Japan

34. In the Pacific, Japan provides, on a yearly basis, a contribution amounting to US\$ 600,000 for its Small-scale Industrial Development Programme and Energy Development Programme, which are implemented by the South Pacific Forum secretariat. Every year since 1994, Japan has also provided \$250,000 in funding for and organized an annual seminar aimed at promoting exports of goods from the South Pacific island developing countries. It is further expected that in October 1996, a South Pacific Island Centre will be opened in Tokyo to enhance trade, investment and tourism between Japan and Pacific island developing countries.

35. At the Third Japan-CARICOM Countries Consultation Meeting, held in January 1995, it was agreed that Japan and the Caribbean countries would continue to discuss Japanese assistance for possible projects in areas such as prevention of hurricane-related disasters, management of tourism resources, funding for grass-roots development and the establishment of a cooperation fund for medical projects. In order to assist in the formulation of project proposals, Japan proposed to send specialists to the CARICOM secretariat and to follow up the process on both sides.

C. Madagascar

36. Madagascar is relatively distant from the major international markets. This situation, together with its poor air and maritime connections, are factors leading to the loss of competitiveness of its exports. The absence of direct maritime links to the relevant markets necessitates the recourse to transshipments, which increase the risks of export operations. Moreover, low-value, perishable goods, such as fruits and vegetables, cannot be exported, owing to the prohibitive air transport cost. The Government of Madagascar has thus elaborated a project for the establishment of adequate cold storage facilities at ports and airports, in order to facilitate the export of perishable and other goods that require cold storage. It is expected that this project will be partly financed by international donors. Other factors affecting the competitiveness of Madagascar exports are the high cost of telecommunications and the limited access to information on international markets.

D. Malta

37. The Government of Malta collaborates on an ongoing basis with the Islands and Small States Institute of the University of Malta in research and training activities related to island developing countries. An important topic of research has been the analysis of the intrinsic disabilities of island developing countries, resulting from factors such as small size, high transport costs and proneness to natural disasters, lending a great deal of vulnerability

to the economies of such countries, including those that are apparently economically better off.

E. Philippines

38. In 1995, the Government of the Philippines sponsored a Regional Workshop on the Role of Women in Fisheries Development, with the participation of the following island developing countries: Fiji, Indonesia, Kiribati, Maldives, Papua New Guinea, Philippines, Solomon Islands and Tonga. The workshop formulated and adopted the Iloilo Resolution on the Role of Women in Fisheries Development in Asia and the Pacific, which was endorsed by the Fourth World Conference on Women held at Beijing in 1995. As a follow-up to the workshop, the Government of the Philippines sponsored, in 1996, the Regional Database Workshop for Women in Fisheries Development, aimed at documenting and enhancing the participation of women in fisheries development and hastening and promoting the generation of a database, as well as networking and information exchanges among Asia/Pacific and South Pacific countries. Papua New Guinea, Philippines and Sri Lanka participated in the workshop.

F. Sweden

39. Sweden contributed, as a member of the Asian Fund for Development, to lending with highly concessional terms to the Cook Islands, Kiribati, Maldives, the Marshall Islands, the Federated States of Micronesia, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa. Other island countries (Fiji, Nauru, and Papua New Guinea) also receive concessional development assistance financed by contributions from donors to the Asian Fund. Assistance via multilateral channels is seen as having a greater impact in small economies, and as being a more cost-efficient way of reaching out to remote island developing countries, especially those where Sweden does not have an official representation. For these reasons, Sweden is making efforts to increase its participation in the Caribbean Development Bank.

G. United Kingdom of Great Britain and Northern Ireland

40. During the period from 1990 to 1995, the United Kingdom's bilateral aid to island developing States amounted to about £295 million, with a peak of £91,118 million in 1990/91 and a low of £36,921 million in 1994/95. Technical cooperation (project) aid during the period was approximately £91 million, or about 30 per cent of the total. The main beneficiaries were Antigua and Barbuda, Barbados, Dominica, Fiji, Grenada, Jamaica, Kiribati, Mauritius, Papua New Guinea, Seychelles, Solomon Islands, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, and Vanuatu. The United Kingdom also makes substantial contributions to island developing countries in the form of multilateral aid, including through the European Union.

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H. Venezuela

41. Venezuela's cooperation programmes for Central America and the Caribbean are being conducted, inter alia, through the Programme for Energy Cooperation (San José Agreement), bilateral programmes, the Special Fund for the Caribbean and other multilateral arrangements with the Inter-American Development Bank, the Central American Bank for Economic Integration, the World Bank and the Export Financing Fund. In addition, the Investment Fund of Venezuela disbursed a total of about US\$ 2.5 million, in the 1975-1995 period, to finance activities in Central America and the Caribbean.

42. Under the Programme for Energy Cooperation (Agreement of San José), initiated in 1980, Venezuela has supplied 80,000 barrels per day of crude oil to 11 Caribbean and Central American countries, including four island developing countries (Barbados, Haiti, Jamaica and Dominican Republic), with discounts ranging from 20 per cent to 25 per cent of the purchases. The beneficiary countries have used an amount of about US\$ 1.3 million, derived from this facility, to finance 142 development projects for which the Investment Fund of Venezuela provided long-term credit. The new mechanism approved by the Investment Fund of Venezuela allows for the use of that facility for purchases by the private sector. The Special Fund for the Caribbean, established in 1979, provides technical assistance to Caribbean countries and territories. Fifteen per cent of this assistance is in the form of grants and the remaining is to be used for credit of up to 15 years, at interest rates not exceeding 2 per cent. By the end of 1996, the Fund will have disbursed \$13.3 million. The Export Financing Fund is negotiating the reactivation of lines of credit for Trinidad and Tobago, Jamaica, the Dominican Republic, Grenada and Saint Lucia. Additionally, credit lines established within the framework of the Andean Financial Corporation to promote commerce between its member countries (Bolivia, Colombia, Ecuador, Peru and Venezuela) and the Caribbean and Central American countries have already been used by Barbados, Jamaica and Trinidad and Tobago.

IV. INFORMATION RECEIVED FROM INTERNATIONAL ORGANIZATIONS

A. United Nations bodies and programmes

1. Department for Policy Coordination and Sustainable Development

43. In response to resolution 49/100, the Department for Policy Coordination and Sustainable Development collaborated with UNCTAD in the organization of the High-level Panel on trade issues regarding island developing countries, which met on 22 and 23 April 1996 during the fourth session of the Commission on Sustainable Development. It prepared a report on action taken by the organs, organizations and bodies of the United Nations system to implement the Programme of Action for the Sustainable Development of Small Island Developing States (A/50/422 and Add.1) for the fiftieth session of the General Assembly. To assist the Commission on Sustainable Development in carrying out the review of the implementation of the Programme of Action, the Department has prepared three reports, on sustainable tourism development in small island developing States, energy resources for those States and current donor activities in support of their sustainable development. It has also coordinated the preparation of reports on telecommunications in such States and on management of natural and environmental disasters in them.

44. Other action in favour of island developing countries included the establishment, within the Department, of a Small Island Developing States Unit to carry out the functions specified in paragraph 123 of the Programme of Action and the preparation of a report on selected sources of funding for environmental projects accessible to small island developing States.

2. Economic Commission for Latin America and the Caribbean (ECLAC)

45. ECLAC, through its Division for the Environment and Development, undertakes several activities in which special attention is given to topics of interest to small island developing countries. For instance, under a proposal on strategies for the conservation and sustainable use of the coastal and marine biodiversity, criteria are being formulated for the application of the Convention on Biological Diversity to marine environments. This work encompasses, in an integrated manner, issues related to the integrated management of coastal zones and hydrographical basins, the application of the Global Programme of Action for the Protection of Marine Environments to inland activities and specific actions for the mitigation of the adverse effects of climate change. This type of approach meets the need for protection of fragile ecosystems, such as those of small island developing countries, and responds to various chapters of the Programme of Action for the Sustainable Development of Small Island Developing States. Furthermore, within the framework of its technical assistance activities for the application of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, ECLAC works directly with the secretariat of the Convention in the establishment of a regional framework for training and technological transfer in the area of waste management and minimization.

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3. Economic and Social Commission for Asia and the Pacific (ESCAP)

46. ESCAP, through its Pacific Operations Centre (ESCAP/POC), has commissioned consultancies and provided advisory services to the Pacific island developing countries. ESCAP/POC currently has an advisory strength of nine advisers covering such diverse areas as economic and financial management, development and strategic planning, physical planning, sustainable development, social development, women in development, trade and investment, and ports and harbours development. The number of ESCAP/POC advisory missions to Pacific island countries rose from 80 in 1994 to 106 in 1995. Efforts are currently being made to equip the Centre with two additional advisers, respectively in project appraisal and evaluation, and in human settlements/physical planning. These are some of the priority areas identified by Pacific island developing countries.

47. In addition to ESCAP/POC activities, the ESCAP secretariat (Bangkok) has undertaken several actions in favour of island developing countries. These include, inter alia, the following: a project on enhancement of national capabilities for export of processed food products from six island developing countries, including four least developed countries (Maldives, Samoa, Solomon Islands and Vanuatu), which is under implementation; technical assistance to Fiji and Papua New Guinea in the area of trade information; a subregional seminar on trade policy issues to sensitize policy makers from Pacific island developing countries to recent developments in the international trade environment, especially the implications of the Uruguay Round agreements for these countries; advisory services to Fiji on its export potential; advisory services to Vanuatu on its accession to the World Trade Organization, and to Fiji, Maldives, New Caledonia, Tonga and Vanuatu on the framework for promoting micro-level efficiencies in the conduct of international trade. Furthermore, several studies dealing with subjects of specific interest to Pacific island developing countries have been published.

4. United Nations Conference on Trade and Development

48. Several General Assembly resolutions, over the last 20 years, have mandated the UNCTAD secretariat to monitor, analyse and bring to the attention of the international community the particular problems of island developing countries, especially those relating to the implications of smallness and remoteness. UNCTAD's work has mainly been organized through expert group meetings and special studies on subjects of importance to island developing countries.

49. UNCTAD's action in the implementation of resolution 49/100 has comprised the following three areas: (a) the organization of a high-level panel meeting on island developing countries; (b) research and analysis related to the particular problems and needs of those countries, including support to the work of the Department for Policy Coordination and Sustainable Development; and (c) provision of technical assistance and advisory services to island developing countries.

(a) High-level panel

50. As indicated in paragraph 2 above, a high-level panel meeting on island developing countries was held in New York on 22 and 23 April 1996. The panel's report was presented on 24 April 1996 to the Commission on Sustainable Development at its fourth session. The UNCTAD secretariat prepared the following documentation to facilitate the deliberations of the panel:

- An issue paper entitled "Development challenges facing island developing countries: basic issues and prospects in the context of trade liberalization and globalization"; 2/
- Two regional papers: "Trade issues and development prospects of island developing countries of the Caribbean", by Dennis Pantin, 3/ and "Trade issues and development prospects of island developing countries of the Pacific", by Peter Osborne. 4/

(b) Research and analysis

51. UNCTAD has been preparing a publication entitled "Island developing countries: trade issues and sustainable economic development". This volume, which will be published in 1996, comprises 10 chapters dealing with economic performance, specific disadvantages and advantages, the impact of trade liberalization and globalization on island developing economies, development options in the areas of goods and services, regional cooperation for trade development in the Caribbean and in the Pacific and UNCTAD's technical cooperation in favour of island developing countries. It will also include a statistical annex.

52. UNCTAD's global mandate also calls for support to the implementation of the Programme of Action for the Sustainable Development of Small Island Developing States. This role, as pointed out in paragraph 127 of the Programme of Action, involves "the research and analysis necessary to complement the work of the Department for Policy Coordination and Sustainable Development". Two chapters of the above-mentioned publication also constitute UNCTAD's response to a recommendation of the Barbados Programme of Action in its paragraph 99, which requested that "a study should be undertaken on the effects of trade liberalization and globalization on the sustainable development of small island developing States". A concise version of UNCTAD's work on this subject was incorporated in the issue paper presented to the high-level panel in April 1996. Further work in this regard addresses environmental concerns to ensure that all economic decisions in island developing countries will be environment-friendly.

53. UNCTAD is also, in collaboration with the International Maritime Organization (IMO), the task manager on maritime transport in the framework of the implementation of the Barbados Programme of Action. In this capacity, UNCTAD presented to the Commission on Sustainable Development at its fourth session (April 1996) a report of the Secretary-General entitled "Maritime transport in small island developing States". 5/

54. In response to a request from the United Nations Development Programme (UNDP) office in Barbados, UNCTAD is pursuing methodological work with a view to conducting a pilot study on measuring economic vulnerability in island developing countries. This work follows a preliminary study carried out by UNCTAD in 1992 ^{6/} and is envisaged as an input to future work at a coordinated level on the construction of an indicator as envisaged by the Barbados Programme of Action in its paragraphs 113 and 114 ("vulnerability index").

(c) Provision of technical assistance and advisory services

55. In accordance with a recommendation of the high-level panel on island developing countries (April 1996), UNCTAD is preparing three regional projects of technical cooperation in trade-related policies for the Caribbean, the Atlantic/Indian Ocean region and the Pacific. These projects are designed to extend to these regions the relevant capacity of UNCTAD to assist island developing countries in the context of trade liberalization and globalization resulting from the Uruguay Round, which entails significant challenges for most of those countries.

56. UNCTAD is also participating in an inter-agency project of technical assistance to the Government of Haiti in the area of trade and investment policies.

57. In the framework of the Trainfortrade programme of UNCTAD, the following training activities have been conducted since January 1995:

- A training seminar on trade and the environment was held in Saint Kitts and Nevis in January 1995 for countries of the OECS region;
- A training seminar on The New Multilateral Trade Framework and its Implications for CARICOM Countries was held in Saint Vincent and the Grenadines in March 1995 for countries of the OECS region;
- A training seminar on risk management in commodity trading was held in Fiji in April 1996 for ACP countries of the Pacific;
- A training seminar on The new multilateral trade framework and its implications for Pacific island developing countries was held in Fiji in May 1996 for ACP countries of the Pacific;
- A training seminar on national trade policy in the context of multilateral trade was held in Cape Verde in July 1996 for three countries, including Cape Verde and Sao Tome and Principe.

58. Other specific activities pertaining to the following areas of technical cooperation or research programmes of UNCTAD have benefited island developing countries: competition policy; generalized Systems of Preferences and other trade laws; development of trade in services; Automated Systems for Customs Data (ASYCUDA); trade efficiency (Global Trade Points Network); economic cooperation among developing countries; trade and the environment; entrepreneurship development; TRAINMAR (Training human resources in maritime management).

5. United Nations Development Programme

59. Most island developing countries have placed emphasis on UNDP's support to natural resources management, human resource development, poverty alleviation and management development, particularly in the public sector. Activities are carried out in the framework of individual country programmes as well as subregional and regional programmes.

60. In the Caribbean, members and associate members of the Organization of Eastern Caribbean States have benefited from the Fifth Multi-island Programme (1992-1996) for the Eastern Caribbean, which concentrates on management development, environmental protection, natural resources management and poverty reduction (\$4 million). The Caribbean component of the Fourth Regional Programme for Latin America and the Caribbean has also provided technical assistance in the amount of \$7 million for the countries of CARICOM.

61. In the Pacific, UNDP has been one of the lead agencies for preparing the initial Sustainable Human Development Situation Analysis (SHDSA) of the Pacific island countries. Three programmes in which UNDP plays an active role are: (a) basic education and life skills (to improve the quality of primary education); (b) fiscal and monetary management and reform and statistical improvement (involving technical advice and training in areas such as effective management of government expenditure, efficient collection of government revenue, effective supervision of commercial banks and improved compilation and analysis of balance of payments and national accounts statistics); (c) disaster reduction (to mitigate the effects of natural disasters by developing the necessary human resources and institutional capacity to reduce their impact).

62. Two areas of the Barbados Programme of Action have been receiving particular UNDP attention: the establishment of a collaborative network (SIDS/NET) to facilitate access by small island developing States to vital environmental information; and the implementation of a technical assistance programme (SIDS/TAP) to reduce capacity-building constraints relating to the main chapters of the Programme of Action.

B. Specialized agencies and related organizations

1. Food and Agriculture Organization of the United Nations (FAO)

63. In order to better respond to the needs of island developing countries, FAO has established subregional offices in the South Pacific (Samoa) and the Caribbean (Barbados). Furthermore, FAO is in the process of developing subregional programmes of action on sustainable development in agriculture, forestry and fisheries for these subregions. One of the main objectives of these programmes is to review ongoing relevant efforts by FAO and other development partners with a view to identifying gaps and areas of complementarity and defining areas for future involvement that avoid overlapping of initiatives and that can effectively contribute to sustainable development in the agricultural sector. Technical consultations will be held in both subregions in order to promote discussions and agreements on common needs in the areas of agriculture, forestry and fisheries.

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64. The FAO Committee on Fisheries in March 1995 endorsed the creation of a Fisheries Technical Assistance Programme for small island developing States, focusing on the following priority areas, as identified by countries: institutional strengthening and capacity-building; conservation and management of fisheries in the exclusive economic zone; improved post-harvest management and marketing; safety at sea; strengthening the economic role of national fisheries industries; and aquaculture and inland fisheries conservation and management. Other activities in favour of island developing countries include, inter alia, the eradication of transboundary diseases; post-hurricane rehabilitation of agricultural infrastructure, crop and livestock in the Caribbean; harmonization of pesticide regulations in the Caribbean; training on farming systems for rural development in the Cook Islands, Fiji, Papua New Guinea, Solomon Islands, Tonga, Western Samoa and Vanuatu; and the development of subregional strategies on soil conservation and rehabilitation for insular environments.

2. International Atomic Energy Agency (IAEA)

65. IAEA, through its Marine Environment Laboratory, is intensifying its activities in small island developing States. It is involved in pilot monitoring programmes (e.g., using corals as historical recorders of micro-pollutants) as well as in capacity-building and quality assurance activities in island States of the Caribbean and East African regions. IAEA supports studies involving isotopic and nuclear techniques to study retrospective conditions (climate, sealevel, pollution) and to provide time scales for small islands evolution. In collaboration with other agencies, IAEA has been active in the International Mussel Watch project, which was set up to assess the global distribution of persistent organochlorine pollutants. In close cooperation with IMO and the United Nations Environment Programme (UNEP), a Joint Working Group on the Safe Carriage of Irradiated Nuclear Fuel by Sea has been established to consider all activities in which transport of nuclear materials falls under the responsibilities of two or more organizations. The Group recommended the adoption of a draft code of practice for the safe carriage of irradiated fuel, plutonium and high-level radioactive wastes on board ships.

66. Other activities responding to often expressed concerns of island developing countries include the development of a code of practice on the transboundary movement of radioactive waste; and ongoing work aimed at a convention on the safety of radioactive waste management.

3. International Civil Aviation Organization (ICAO)

67. In recognition of the crucial importance of adequate and efficient air services for island developing countries, ICAO has continued efforts to strengthen services and facilities in this area, with particular attention to environmental protection, safety and innovative, energy-efficient and low-cost transport solutions. ICAO has also been active in fostering cooperation at the regional level, including through encouraging the consolidation of national airline services. Within its technical cooperation activities, assistance has been provided in such areas as training in various fields of civil aviation

(Bahamas and Maldives); preparation of master plans for the development of civil aviation facilities (Cape Verde); development of civil aviation legislation (Fiji and Haiti); aeronautical information manuals (Sao Tome and Principe); and preparation of specifications and evaluation of bids for airport development (Trinidad and Tobago). In Fiji, ICAO assisted in the preparation of a project for the upgrading of the civil aviation centre, including the introduction of the ICAO TRAINAIR concept and membership.

4. International Fund for Agricultural Development (IFAD)

68. IFAD continues to give increasing importance to the needs of developing countries, including island developing countries. It provides funding for projects and programmes specifically designed to support food production systems and to strengthen relevant policies and institutions within the framework of national priorities and strategies. The Fund gives particular attention to, inter alia, the need to increase food production in the poorest food-deficit countries; the potential for increasing food production in other developing member countries; and the importance of increasing the nutritional levels of the poorest segments of the populations of small island developing countries, many of which are low-income and have food deficits. In the period between 1978 and 1995, IFAD provided US\$ 59.09 million in loans and \$0.18 million in grants to finance several development projects in island developing countries. In 1994, a \$3.5 million loan to Comoros helped finance a project to support economic grass-roots initiatives, and in 1995 \$2.92 was loaned to Maldives to finance the development of southern atolls. Projects scheduled for approval in 1996 include two loans for rural enterprise development in Dominica and in Saint Lucia, for \$2.6 million and \$2.2 million, respectively.

5. International Labour Organization (ILO)

69. Technical cooperation assistance to island developing countries in 1995 amounted to about \$10.5 million, representing approximately 9.8 per cent of ILO expenditure on operational activities in that year. However, well over half of this assistance went to four countries, namely, Madagascar, Indonesia, the Philippines and Sri Lanka. The share of projects in island developing countries, in terms of total new project approvals declined from 14.5 per cent in 1994 to 9.3 per cent in 1995. This decline was to a large extent, attributable to changes in United Nations funding, which are marked by a shift from project-based operations to a programme approach. Technical services provided to island developing countries include such areas as employment, human resource and enterprise development. Several island developing countries sought ILO's support in connection with the introduction of austerity measures under structural adjustment programmes. Furthermore, increased attention has been given to issues relating to industrial relations and working conditions, as well as to the implementation of Agenda 21, and the need to reinforce national capacities and the overall sustainability of programmes. The major beneficiaries of ILO assistance to island developing countries have been Cape Verde, Comoros, Fiji, Indonesia, Madagascar, Maldives, Marshall Islands, Papua New Guinea, the Philippines, Solomon Islands, Sri Lanka and Trinidad and Tobago.

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Sizeable new projects were also approved in 1995 for Haiti and Sao Tome and Principe.

6. International Maritime Organization

70. IMO is currently seeking financial support for the re-establishment of a Regional Maritime Safety Adviser in the Caribbean to assist the region's island countries and territories in the establishment of maritime administrations, the development of national shipping legislation and regulations, the implementation of national safety programmes and the examination of seafarers. IMO is also continuing its activities under the Wider Caribbean Initiative for Ship-Generated Wastes, which is a \$5.5 million programme initiated in 1993 to assist Caribbean island countries and Territories in ratifying and implementing the International Convention for the Prevention of Marine Pollution from Ships. Assistance has been provided to Caribbean island developing countries in the development of national and regional contingency plans for the control and combat of marine pollution from ships. In order to provide further assistance to these countries and Territories, IMO has established a Regional Marine Pollution Emergency Information and Training Centre in Curaçao, with support from the Netherlands and the United States of America.

71. In the South Pacific, through the South Pacific Regional Environment Programme, IMO has provided advisory services to the region's island developing countries for the development of a regional strategy for the protection of the marine environment. The main areas in this respect are, inter alia, marine pollution emergency responses, waste disposal at sea, port estuarine and coastal environment, collection of baseline information and identification and assessment of pollution problems, as well as legal and institutional aspects. Furthermore, a mission was sent to the South Pacific in 1995 to assess the capacities and needs of the region's maritime training institutions and to advise them on the implementation of the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (1978). IMO has also carried out a series of seminars on the facilitation of maritime traffic, to assist South Pacific island developing countries to effectively implement the IMO Convention dealing with this subject (FAL 1965). The seminars focused principally on the establishment of national FAL Committees and the use of electronic data interchange to improve and standardize practices and procedures related to the entry, stay and departure of ships from the ports of the region.

7. International Monetary Fund (IMF)

72. By the end of 1995, the outstanding use of IMF resources under all facilities by island developing countries totalled SDR 1.32 billion (or US\$ 1.97 billion). Moreover, a three-year arrangement was approved under the Extended Fund Facility for the Philippines for an amount of SDR 474.5 million, of which SDR 36.5 million was disbursed as of end-December 1995. Stand-by arrangements were approved for Haiti (SDR 20 million) and for Papua New Guinea (SDR 71.48 million). By end-December 1995, disbursements under these arrangements amounted, respectively, to SDR 16.4 million and SDR 33.34 million.

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73. IMF has also provided technical assistance to several island developing countries. Of particular interest is the establishment, in 1993, of the Pacific Financial Technical Assistance Centre in Fiji, in a joint project with UNDP and the Asian Development Bank. The Centre has three technical experts from the Fund to provide technical assistance for several island developing countries in the region in areas such as tax administration, budget planning, banking supervision and national accounts.

8. International Telecommunication Union (ITU)

74. In 1995, ITU initiated, jointly with the United Nations Educational, Scientific and Cultural Organization (UNESCO), a pilot project on access to telematics facilities in the Caribbean region. This project, which is considered to be a test bed for the future SIDSNET, was also supported by several other international organizations. In the preparation for this pilot project, contacts and needs assessment studies were carried out in many Caribbean island developing countries, including Barbados, Saint Lucia and Saint Vincent and the Grenadines. In addition, a mission representing UNESCO and the International Council for Scientific and Technical Information, in collaboration with ITU, was fielded in February 1995 to assess recent developments and the commitment of concerned national and regional organizations and to finalize plans for the pilot project. The mission's findings indicated an increased awareness about telematics, in particular the Internet, in the region. Other ITU activities in favour of island developing countries include cooperation with the South Pacific Forum to provide workshops and seminars for the region's island developing countries, collaboration with the Caribbean News Agency (CANA), UNDP and UNESCO in the establishment of a regional satellite news network, and assistance in disaster communication issues. Furthermore, ITU is preparing to undertake pilot studies on rural telecommunications in several Caribbean countries.

9. Universal Postal Union (UPU)

75. Within its limited resources, UPU has provided assistance to several island developing countries in such areas as sectoral and programmatic support; restructuring of postal services; postal legislation; training; review of operational procedures; and provision of informatic and postal equipment. Furthermore, a regional adviser has been placed in Saint Lucia to provide technical assistance to Caribbean developing countries.

10. World Tourism Organization (WTO)

76. The World Tourism Organization envisages the organization, towards the end of 1996, of an expert group meeting on tourism development in small islands. It is expected that the recommendations from the meeting will take into account not only the main Agenda 21 principles, but factors that are specific to tourism in small islands.

11. World Trade Organization (WTO)

77. The Uruguay Round agreements do not make a distinction between "island developing countries" and "developing countries". However, some developed members of WTO have recently made provisions for WTO assistance to island developing countries with a view to assisting them in taking advantage of the opportunities presented by the Uruguay Round. New Zealand, for example, donated an amount of NZ\$ 200,000 to WTO, to be spent equally over a period of two years, to assist Pacific island developing countries which are members of WTO in complying with their notifications and other obligations under the WTO Agreement. These funds are also to be used to assist other Pacific island developing countries in the process of acceding to WTO. A Norwegian trust fund was also set up, within WTO, to provide targeted technical assistance to developing countries, especially the least developed ones, in order to facilitate their integration in the multilateral trading system. The European Union has provided financing for eight regional seminars to explain to developing countries the results of the Uruguay Round and the opportunities and benefits that those countries could derive from it. Several island developing countries will benefit from these seminars.

78. Overall, island developing countries should benefit from the substantial tariff cuts that were made on products of export interest to them. In due course, they should benefit from the elimination of restraints on exports of textiles and clothing imposed under the Multi-Fibre Arrangement and from the commitments made in agriculture, such as the reduction of trade-distorting measures of domestic support, and the capping and reduction of export subsidies. Furthermore, two WTO bodies, the Committee on Trade and Development and its Subcommittee on the Least Developed Countries, are in the process of formulating policies that could be adopted to enhance the participation of developing countries, particularly the least developed countries, in the multilateral trading system.

V. INFORMATION RECEIVED FROM INTERGOVERNMENTAL ORGANIZATIONS

A. Commonwealth Secretariat

79. In the area of trade, the Commonwealth Secretariat has given high priority to assisting member Governments in assessing the implications for their economies of the Uruguay Round agreements and other changes in the international trading system. Activities in this area include, inter alia, the organization of a workshop on the above issues, in collaboration with CARICOM, and the undertaking of several studies. In the area of financing, advice and other assistance is being provided on economic policies and debt management. A major initiative has been the Commonwealth Private Investment Initiative to assist member countries, including island developing countries, in accessing private sources of finance and channelling long-term commercial investment to small and medium-sized enterprises in these countries. In the area of the environment, a pan-Commonwealth workshop was organized in Malta with the participation of senior policy makers of several island developing countries. Other activities in favour of island developing countries include assistance in the management of water resources and coastal zones, in the identification of biological resources

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and in training in the mitigation of the adverse effects of natural disasters. Human resources development has also received special attention and, in this context, support has been provided for faculty development and the establishment of specialized regional programmes for management skills at the University of the West Indies, the University of the South Pacific and other regional management development institutions.

B. Group of Latin American and Caribbean Sugar-Exporting Countries (GEPLACEA)

80. Island developing countries that are members of GEPLACEA benefit from technical assistance for the improvement of the sugar agribusiness and the development of derived products and by-products. The Group also assists member countries in developing policies related to sugar and in enhancing capacities in the areas of international marketing of sugar and international sugar agreements. In the field of training, a seminar on the international marketing of sugar in the New York exchange market is foreseen for September 1996 and, in collaboration with UNCTAD, a Trainfortrade seminar is being prepared for the upgrading of skills in the area of sugar marketing.

C. Islamic Development Bank

81. In 1995, the Islamic Development Bank approved financing for one project in the Comoros, on rehabilitation and strengthening of the system of supply of gases, for an amount of \$861,000, and two projects in Maldives: a regional secondary school (\$2.323 million) and four regional hospitals (\$3.585 million). Both the Comoros and Maldives are least developed countries and members of the Bank. The projects were financed under a programme entitled "Special Account of the Least Developed Member Countries", which offers highly concessionary loans, with terms varying between 25 and 30 years, including a 10-year grace period, and a service fee of 0.75 per cent per annum.

Notes

1/ Report of the Global Conference on the Sustainable Development of Small Island Developing States, Bridgetown, 25 April-6 May 1994 (United Nations publication, Sales No. E.94.I.18 and corrigenda), chap. I, resolution 1, annex II.

2/ UNCTAD/LLDC/IDC/2.

3/ UNCTAD/LLDC/IDC/Misc.1.

4/ UNCTAD/LLDC/IDC/Misc.2.

5/ E/CN.17/1996/20/Add.4.

6/ "Preliminary study on the construction of an index for ranking countries according to their economic vulnerability".
